

Revised Financing Plan for Priority Watershed Projects



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Wisconsin Land & Water Conservation Board

I. INTRODUCTION

The Department of Natural Resources (DNR) published its first *Financing Plan for Priority Watershed Projects* (hereafter "*Financing Plan*") on October 30, 1998. Since that time, several statutory and budgetary changes have occurred that require updating of the original *Financing Plan*. This document summarizes those changes, updates the original *Financing Plan*, and shows the estimated amount of cost-sharing available for each Priority Watershed project through the end of its project life.

II. BACKGROUND

At its meeting on June 30, 1998, the Wisconsin Land and Water Conservation Board (LWCB) decided:

- (1) To retain all priority watershed and priority lake projects designated up through that date; and
- (2) Not to identify any additional priority watershed projects.

Following this meeting, DNR staff developed several options for later consideration by the LWCB that described how grant funds would be distributed to project sponsors for cost-share agreements in the remaining years of the Priority Watershed program. At its meeting on October 6, 1998, the LWCB selected "Option C" from the options proposed by DNR staff.

Immediately following the October 1998 LWCB meeting, DNR staff documented the LWCB's choice in the *Financing Plan*. The original *Financing Plan* indicated the amount of grant funding each Priority Watershed project sponsor would likely receive for the cost-sharing of conservation practice in each of the remaining years for each Priority Watershed project¹. In addition, the original *Financing Plan* identified policies that would be used by the DNR to administer the Priority Watershed program through the end of calendar year 2000. The DNR published the original *Financing Plan* on October 30, 1998, and distributed it to all Priority Watershed project sponsors and other interested parties.

¹ DNR staff used the following LWCB documents to create the original *Financing Plan for Priority Watershed Projects*:

- ? *Draft Recommendations for Priority Watershed Identification Financing Plan*", dated June 1, 1998.
- ? *Agenda Item #4* for June 30, 1998, LWCB meeting titled: "*Decision on Identification of Priority Watershed and Lake Projects* "
- ? Minutes of June 30, 1998, LWCB Meeting.
- ? *Agenda Item #5* for October 6, 1998, LWCB meeting titled: "*Approval of a Nonpoint Source Program Financing Plan* ".
- ? Draft Minutes for October 6, 1998, LWCB Meeting.

Following the publication of the original *Financing Plan*, DNR staff set about to implement this *Plan*. Primarily, grants to project sponsors for cost-sharing (called “Nonpoint Source” grants) needed to be amended, where appropriate, to reflect:

- ? A new grant award and sub-allocations for cost-sharing and easement purchases.
- ? A new grant period, consistent with the number of years over which cost-sharing was to be offered (consistent with the *Financing Plan*).
- ? A new landowner sign-up period that ran through the end of the grant period, unless the sign-up period had already closed and extensions were not given.
- ? Other conditions and revisions needed to comply with the *Financing Plan*.

III. STATUTORY AND BUDGETARY CHANGES AFTER THE ORIGINAL *FINANCING PLAN FOR PRIORITY WATERSHED PROJECTS* WAS PUBLISHED

A. Correction to the Original *Financing Plan*

Table 4 at the back of the original *Financing Plan* showed cost-sharing for the Wood County portion of the Upper Yellow River watershed (UYL) as ceasing at the end of calendar year 2002. The UYL Priority Watershed project is also located in Marathon and Clark counties; the cost-sharing end dates for both Marathon and Clark counties were correctly listed in the original *Financing Plan* as the end of calendar year 2004.

Wood County brought this discrepancy to the attention of DNR staff in April 1999. The Wood County grant agreement was amended in November 1999 to reflect the correct end date.

This correction has been incorporated into this *Revised Financing Plan*.

B. Increase in Funding for Cost-sharing of Rural Priority Watershed Projects

1999 Wisconsin Act 9 (the 1999-2001 Biennial Budget) provided the DNR with additional bond revenue for rural Priority Watershed project cost-sharing above the amounts appropriated in the 1997-99 Biennial Budget. In addition, the DNR was able to secure another \$2M annually in federal Clean Water Act Section 319 funding that the DNR Secretary chose to apply exclusively to cost-sharing for Priority Watershed projects.

Both sources of additional funding made it possible for the DNR to eliminate the cost-sharing “balloon payment” in the final year of many rural Priority Watershed projects, as shown in the original *Financing Plan*. The DNR’s ability to “level” the amount of cost-sharing throughout the life of Priority Watershed projects helped rural project sponsors better manage workload over the remaining years of their projects.

This *Revised Financing Plan* presumes that amounts of bond revenue and federal funds remain constant from 2002 through 2009. This assumption makes it possible to sustain level cost-sharing amounts for each project sponsor throughout the remaining life of their Priority Watershed project. See Table 1 at the end of this document.

C. Reduction in DNR GPR and SEG Funds

1999 Wisconsin Act 9 reduced the DNR's nonpoint source cash appropriations by \$8,191,300 (\$5,480,000 GPR and \$2,711,300 SEG) below fiscal year 1999 base levels. At the same time, *1999 Wisconsin Act 9* (the 1999-2001 Biennial Budget) also increased the Department of Agriculture, Trade and Consumer Protection (DATCP) soil and water resource management cash appropriations by \$6,190,400 (\$3,420,000 GPR and \$2,770,400 SEG) over state fiscal year 1999 base levels. The Legislature also significantly reduced statutory authority for the DNR to provide staff support funds to Priority Watershed project sponsors.

The DNR has used GPR and SEG funds to reimburse Priority Watershed sponsors for cost-sharing of cropping practices. The Bond Counsel has determined that cropping practices cannot be reimbursed with bond revenue. These cropping practices include:

- | | |
|---------------------------|------------------------------|
| ? nutrient management | ? high residue management |
| ? strip-cropping | ? prescribed grazing |
| ? pesticide management | ? contour farming |
| ? green manure cover crop | ? special cropping practices |

After the transfer of funds occurred, the DNR was left with a GPR appropriation of \$883,600 per year. Of this amount, \$300,000 is statutorily mandated for Priority Lake projects. The balance² of \$583,600 is all that remains for the cost-sharing of cropping practices in Priority Watershed projects and Priority Lakes and for other programmatic costs, including real estate appraisals, cultural and historic property investigations, etc.

The demand for cropping practices cost-sharing each year is far in excess of remaining available GPR funds. Even when federal Clean Water Act Section 319 funding is applied exclusively toward cropping practices cost-sharing, the combined total of federal and GPR funds is inadequate for the magnitude of cropping practices being applied through the Priority Watershed Program statewide. The timing couldn't be any worse: for years, the DNR had been encouraging Priority Watershed sponsors to focus on lower-cost management-type conservation practices with landowners. Just as the installation of cropping practices was on the increase, funds for these practices were greatly reduced.

And so, for the first time in calendar year 2002, the DNR was forced to prescribe which portion of the cost-sharing budget for each Priority Watershed would be paid with GPR, federal section 319, or bond revenue. As many Priority Watershed sponsors already had multiple-year cost-share agreements for cropping practices with many landowners, current commitments utilized their entire cropping practice budget for 2002. For many project sponsors, no new cropping practice cost-share agreements could be signed in 2002.

So that cropping practice budgets could be more predictable in the future, the DNR established a Cropping Practice Workgroup in late 2001. Staff from the department, DATCP, WI Land & Water Conservation Association, WI Association of Land Conservation Employees, and various

² Current efforts to amend the 2001-03 Biennial Budget could result in an overall reduction in GPR funds appropriated to the DNR for the Priority Watershed program. Should such a reduction occur, the balance remaining for the cost-sharing of cropping practices and other program needs will be proportionally less than \$583,600.

Priority Watershed projects around the state served on the Workgroup. This Workgroup developed a strategy and procedures for the distribution of GPR and federal section 319 funds to Priority Watershed project sponsors through the life of their projects.

A summary of the recommendations of the Workgroup will be attached to this *Revised Financing Plan* and become a part of this document. It was not available at press time.

It is important to note that both Table 1 and Table 2 attached to this *Revised Financing Plan* list total amounts of cost-sharing (ACRA) for each sponsor of each Priority Watershed project. Each year, project sponsors will be asked to subdivide their total ACRA into 3 portions: funds to be spent on bond revenue-eligible practices, existing cropping practices, and additional cropping practices.

D. Requirement for an Annual Joint Final Allocation Plan

1999 Wis. Act 9 required the DNR to, jointly with the DATCP, prepare and issue an annual allocation plan that indicates how funds will be allocated to county governments that are participating in the Priority Watershed, Targeted Runoff Management, and Urban Nonpoint and Storm Water programs. Prior to this legislation, only the DATCP was statutorily required to prepare and issue an annual allocation plan.

In the annual allocation plan, the DNR lists its Priority Watershed funding sources for the grant (calendar) year, its allocations by grantee, and all policies that apply in the grant year.

Because the policies and procedures associated with the Priority Watershed Program – and to a lesser extent the Targeted Runoff Management Program – change annually to keep pace with budgetary and other constraints, it makes the most sense for the DNR to include policies and procedures for both programs in the annual allocation plans rather than in this document. Examples include: carry-over policies, transfer policies, and overspending policies.

As a result, policies for both rural and urban Priority Watershed project sponsors do not appear in this *Revised Financing Plan*.

E. Restriction on the DNR's Ability to Extend Priority Watershed Projects Beyond Established End Dates

2001 Wis. Act 16 (the 2001-03 Biennial Budget) prohibits the DNR and the Wisconsin Land and Water Conservation Board from extending funding for a designated Priority Watershed or Priority Lake project beyond the ending date that was in effect on January 1, 2001. However, if DNR determines a delay in implementation was caused by conditions beyond the control of the landowner, the DNR may extend that ending for a cost-share agreement entered into by that landowner for up to one year after the ending date. No additional cost-sharing will be provided to project sponsors.

F. Extended Designation of the South Fork Hay River Priority Watershed Project

2001 Wis. Act 16 (the 2001-03 Biennial Budget) extends the sunset date for the statutorily designated South Fork of the Hay River Priority Watershed project from June 30, 2001, to June 30, 2005, in order that the DNR may continue to provide cost-share grants Dunn and St. Croix counties. In addition, the statutes now require the DATCP to provide funding to counties

for staffing in the South Fork of the Hay River priority watershed (in Barron, Dunn, Polk and St. Croix Counties) in the same manner as other continuing priority watersheds receive staffing funds.

As a result of this statutory change, the *Revised Financing Plan* shows the South Fork of the Hay River Priority Watershed project as terminating at the end of calendar year 2005. In addition, cost-share funding is proposed for calendar years 2002, 2003, 2004, and 2005.

G. Allocation Established for the Oneida Tribe of Indians of Wisconsin

As a project sponsor for the Duck-Apple-Ashwaubenon Priority Watershed project, the Oneida Tribe of Indians of Wisconsin had been receiving both staff support and cost-sharing funds from the DNR. Historically, these grant funds came from the same funding sources as were used for all other Priority Watershed project sponsors.

1999 Wis. Act 9 (the 1999-2001 Biennial Budget) created a separate funding source from Indian gaming revenues from which the DNR would provide both staff support and cost-sharing to the Oneida Tribe of Indians of Wisconsin.

2001 Wis. Act 16 (the 2001-03 Biennial Budget) deleted funding from Indian gaming revenues and instead directed the DNR to allocate cost-share funds from existing cost-share sources. Furthermore, the DATCP was directed to provide staff support funding to the Oneida Tribe of Indians of Wisconsin. The total provided by both agencies shall not exceed \$120,000.

As a result of latter statutory change, the *Revised Financing Plan* shows the Oneida Tribe of Indians of Wisconsin receiving only cost-sharing from the DNR.

H. Housekeeping

Table 4 at the back of the original *Financing Plan* included projected cost-sharing amounts for each sponsor in each Priority Watershed project for the year 1999 through 2009. As time has passed, the *Revised Financing Plan* only shows cost-sharing amounts for the years 2002 through 2009. The *Revised Financing Plan* no longer includes information on Priority Watershed projects that closed at the end of calendar years 1999, 2000, or 2001.

IV. BUDGETARY PRESUMPTIONS

There is no way to know the exact amount of bond revenue, GPR, or Federal Section 319 funding that will be available in each calendar year between 2003 and 2009. Table 1 presumes that levels of funding from all three sources are constant. In the event that funds are increased or decreased, this *Revised Financing Plan* may need to be further amended to reflect the budgetary situation in place at that time. Most certainly, the DNR will indicate – in the joint annual allocation plans -- only the allocation of funding that is known to be available.

Table 1. PROJECTED COST-SHARING (ACRA) FOR EXISTING PRIORITY WATERSHED PROJECTS, 2002 - 2009

Water-shed Code	County Grantees	Year Project Ends	2002 Projected ACRA	2003 Projected ACRA	2004 Projected ACRA	2005 Projected ACRA	2006 Projected ACRA	2007 Projected ACRA	2008 Projected ACRA	2009 Projected ACRA	Total All ACRA
NEE	ADAMS	2002	61,981	0	0	0	0	0	0	0	61,981
YEL	BARRON	2004	138,417	138,417	138,416	0	0	0	0	0	415,250
WTC	BAYFIELD	2006	37,173	37,173	37,173	37,173	37,170	0	0	0	185,862
BRB	BROWN	2006	237,443	237,443	237,443	237,443	237,442	0	0	0	1,187,214
DAA	BROWN	2008	152,045	152,045	152,045	152,045	152,045	152,045	152,048	0	1,064,318
EAS	BROWN	2002	456,659	0	0	0	0	0	0	0	456,659
RLS	BROWN	2007	110,470	110,470	110,470	110,470	110,470	110,470	0	0	662,820
MTR	BUFFALO	2004	77,143	77,143	77,143	0	0	0	0	0	231,429
BIG	BURNETT	2009	53,287	53,287	53,287	53,287	53,287	53,287	53,287	53,283	426,292
WNE	CALUMET	2003	100,877	100,878	0	0	0	0	0	0	201,755
DUN	CHIPPEWA	2005	441,567	294,305	294,305	294,305	0	0	0	0	1,324,482
UYL	CLARK	2004	53,298	53,298	53,300	0	0	0	0	0	159,896
BDR	COLUMBIA	2005	32,958	32,958	32,958	32,959	0	0	0	0	131,833
NEE	COLUMBIA	2005	28,827	28,827	28,827	28,825	0	0	0	0	115,306
YME	COLUMBIA	2008	24,256	24,256	24,256	24,260	24,256	24,256	24,256	0	169,796
DLP	DANE	2004	58,522	58,522	58,520	0	0	0	0	0	175,564
YME	DANE	2008	299,449	299,449	299,449	299,449	299,449	299,449	299,450	0	2,096,144
BDR	DODGE	2005	340,949	340,949	340,949	340,949	0	0	0	0	1,363,796
RLS	DOOR	2007	530,572	530,572	530,572	530,572	530,572	530,573	0	0	3,183,433
USC	DOUGLAS	2008	16,442	16,442	16,442	16,442	16,442	16,442	16,442	0	115,094
SFH	DUNN	2005	115,547	115,547	115,547	115,547	0	0	0	0	462,188
FDL	FOND DU LAC	2009	587,799	587,799	587,799	587,799	587,799	587,799	587,799	587,798	4,702,391
SHB	FOND DU LAC	2002	266,834	0	0	0	0	0	0	0	266,834
WNE	FOND DU LAC	2004	125,035	125,035	125,034	0	0	0	0	0	375,104
LGR	GRANT	2002	305,839	0	0	0	0	0	0	0	305,839
LEP	GREEN	2002	67,609	0	0	0	0	0	0	0	67,609
UTR	JACKSON	2006	386,715	386,715	386,715	386,715	386,718	0	0	0	1,933,578

NOTE: ACRA listed above are total ACRA projected for each Priority Watershed project sponsor in each year. Each grant year, project sponsors will indicate in their annual grant application which portion of their total ACRA will be used for: (1) bond revenue-eligible practices; (2) existing cropping practice commitments; and (3) additional cropping practice commitments. The methodology developed by the Cropping Practice Workgroup will be employed.

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ROC	JEFFERSON	2004	27,116	27,116	27,118	0	0	0	0	0	81,350
RLS	KEWAUNEE	2007	119,514	119,514	119,514	119,514	119,514	119,518	0	0	717,088
LEP	LAFAYETTE	2003	116,082	116,083	0	0	0	0	0	0	232,165
SPR	LANGLADE	2008	72,064	72,064	72,064	72,064	72,064	72,064	72,060	0	504,444
BRB	MANITOWOC	2007	301,011	301,011	301,011	301,011	301,011	301,011	0	0	1,806,066
PIG	MANITOWOC	2009	124,023	124,023	124,023	124,023	124,023	124,023	124,023	124,026	992,187
SHB	MANITOWOC	2002	34,630	0	0	0	0	0	0	0	34,630
LBE	MARATHON	2002	218,278	0	0	0	0	0	0	0	218,278
LRR	MARATHON	2009	224,083	224,083	224,083	224,083	224,083	224,083	224,083	224,084	1,792,665
UYL	MARATHON	2004	39,010	39,010	39,011	0	0	0	0	0	117,031
MIN	MARINETTE	2006	54,290	54,290	54,290	54,290	54,293	0	0	0	271,453
MPT	MARINETTE	2009	48,471	48,471	48,471	48,471	48,471	48,471	48,471	48,471	387,768
NEE	MARQUETTE	2005	43,173	43,173	43,173	43,174	0	0	0	0	172,693
LTM	MONROE	2002	41,660	0	0	0	0	0	0	0	41,660
MKR	MONROE	2003	113,856	113,856	0	0	0	0	0	0	227,712
PEN	OCONTO	2008	87,028	87,028	87,028	87,028	87,028	87,028	87,025	0	609,193
ARD	OUTAGAMIE	2003	69,211	0	0	0	0	0	0	0	69,211
DAA	OUTAGAMIE	2009	322,728	322,728	322,728	322,728	322,728	322,728	322,728	322,728	2,581,824
CCK	OZAUKEE	2003	38,742	38,743	0	0	0	0	0	0	77,485
MRS	OZAUKEE	2003	100,999	100,998	0	0	0	0	0	0	201,997
KNC	PIERCE	2009	80,128	80,128	80,128	80,128	80,128	80,128	80,128	80,129	641,025
BAL	POLK	2006	164,200	164,200	164,200	164,200	164,198	0	0	0	820,998
HSC	POLK	2009	110,577	110,577	110,577	110,577	110,577	110,577	110,577	110,574	884,613
OSC	POLK	2007	33,258	33,258	33,258	33,258	33,258	33,260	0	0	199,550
WPC	PORTAGE	2007	169,816	169,816	169,816	169,816	169,816	169,816	0	0	1,018,896
SHC	RACINE	2006	16,893	16,893	16,893	16,893	16,892	0	0	0	84,464
MKR	RICHLAND	2004	111,367	111,367	111,367	0	0	0	0	0	334,101

NOTE: ACRA's listed above are total ACRA's projected for each Priority Watershed project sponsor in each year. Each grant year, project sponsors will indicate in their annual grant application which portion of their total ACRA will be used for: (1) bond revenue-eligible practices; (2) existing cropping practice commitments; and (3) additional cropping practice commitments. The methodology developed by the Cropping Practice Workgroup will be employed.

Table 1. PROJECTED COST-SHARING (ACRA) FOR EXISTING PRIORITY WATERSHED PROJECTS, 2002 - 2009

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SPC	ROCK	2004	25,302	25,302	25,304	0	0	0	0	0	75,908
SMH	RUSK	2007	71,987	71,987	71,987	71,987	71,987	71,987	0	0	431,922
DEL	SAUK	2009	163,140	163,140	163,140	163,140	163,140	163,140	163,140	163,137	1,305,117
NBR	SAUK	2004	615,327	615,327	615,326	0	0	0	0	0	1,845,980
PEN	SHAWANO	2007	235,910	235,910	235,910	235,910	235,910	235,907	0	0	1,415,457
PIG	SHEBOYGAN	2009	95,893	95,893	95,893	95,893	95,893	95,893	95,893	95,893	767,144
SHB	SHEBOYGAN	2003	158,142	158,140	0	0	0	0	0	0	316,282
KNC	ST CROIX	2009	178,608	178,608	178,608	178,608	178,608	178,608	178,608	178,607	1,428,863
SCL	ST. CROIX	2008	64,406	64,406	64,406	64,406	64,406	64,406	64,406	0	450,842
SFH	ST. CROIX	2005	65,049	65,049	65,049	65,049	0	0	0	0	260,196
MTR	TREMPEALEAU	2004	517,568	517,568	517,566	0	0	0	0	0	1,552,702
UTR	TREMPEALEAU	2005	75,312	75,312	75,312	75,310	0	0	0	0	301,246
HIL	VERNON	2005	60,693	60,693	60,693	60,694	0	0	0	0	242,773
MKR	VERNON	2004	325,966	325,966	325,966	0	0	0	0	0	977,898
SHC	WALWORTH	2008	329,937	329,937	329,937	329,937	329,937	329,937	329,934	0	2,309,556
CCK	WASHINGTON	2004	109,492	109,492	109,494	0	0	0	0	0	328,478
MWL	WAUKESHA	2005	15,958	15,958	15,958	15,960	0	0	0	0	63,834
UFR	WAUKESHA	2005	17,133	17,133	17,133	17,130	0	0	0	0	68,529
LLW	WAUPACA	2008	262,290	262,290	262,290	262,290	262,290	262,290	262,286	0	1,836,026
WPC	WAUPACA	2006	68,154	68,154	68,154	68,154	68,157	0	0	0	340,773
PWR	WAUSHARA	2009	367,299	367,299	367,299	367,299	367,299	367,299	367,299	367,297	2,938,390
ARD	WINNEBAGO	2004	104,489	104,489	104,490	0	0	0	0	0	313,468
FDL	WINNEBAGO	2009	114,655	114,655	114,655	114,655	114,655	114,655	114,655	114,654	917,239
PWR	WINNEBAGO	2009	73,130	73,130	73,130	73,130	73,130	73,130	73,130	73,131	585,041
UYL	WOOD	2004	239,632	239,632	239,632	0	0	0	0	0	718,896
Total Counties			12,345,393	10,675,430	10,046,735	7,479,050	6,389,146	5,424,280	3,851,728	2,543,812	58,755,574

NOTE: ACRA listed above are total ACRA projected for each Priority Watershed project sponsor in each year. Each grant year, project sponsors will indicate in their annual grant application which portion of their total ACRA will be used for: (1) bond revenue-eligible practices; (2) existing cropping practice commitments; and (3) additional cropping practice commitments. The methodology developed by the Cropping Practice Workgroup will be employed.

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Non-county Sponsors											
CCL	CAMP-CENTER LAKE DIST.	2007	21,468	21,468	21,468	21,468	21,468	21,465	0	0	128,805
LRP	LAKE RIPLEY	2006	25,610	25,610	25,610	25,610	25,607	0	0	0	128,047
DAA	ONEIDA TRIBE	2008	30,451	30,451	30,451	30,451	30,451	30,451	30,451	0	213,157
Total All Rural Grantees			12,422,922	10,752,959	10,124,264	7,556,579	6,466,672	5,476,196	3,882,179	2,543,812	59,225,583

NOTE: ACRA listed above are total ACRA projected for each Priority Watershed project sponsor in each year. Each grant year, project sponsors will indicate in their annual grant application which portion of their total ACRA will be used for: (1) bond revenue-eligible practices; (2) existing cropping practice commitments; and (3) additional cropping practice commitments. The methodology developed by the Cropping Practice Workgroup will be employed.